

**REPORT
OF THE
SENATE INTERIM COMMITTEE ON
CAPITAL IMPROVEMENT ASSESSMENT AND PLANNING**



December 1, 2013

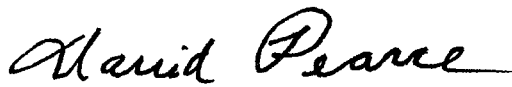
Prepared by: Senate Appropriations and Senate Research

December 1, 2013

The Honorable Tom Dempsey, President Pro Tem of the Senate
State Capitol Building, Room 326
Jefferson City, MO 65101

Dear Mr. President:

The Senate Interim Committee on Capital Improvement Assessment and Planning has met, deliberated, toured, and concluded its study on the capital needs of the State of Missouri. The undersigned members of the Committee are pleased to submit the attached report.



Senator David Pearce, Chair



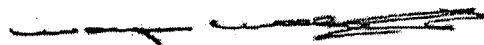
Senator Tom Dempsey



Senator Bob Dixon



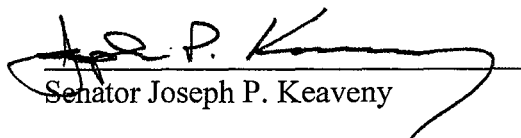
Senator Mike Parson



Senator Wayne Wallingford



Senator Shalonn "Kiki" Curls



Senator Joseph P. Keaveny

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I. Charge of the Committee

Pursuant to Senate Rule 31, Senate President Pro Tem Tom Dempsey established the Senate Interim Committee on Capital Improvement Assessment and Planning. The duties of committee shall be as follows:

- (1) Study the needs across the state including, but not limited to parks, mental health facilities, state buildings, and higher education facilities;
- (2) Review of previously filed legislation; and
- (3) Cost-benefit analysis of proposed projects and study of various funding mechanisms.

The Committee report shall be turned in no later than December 1, 2013.

II. Panel Activities

The President Pro Tem of the Senate appointed Senator David Pearce, Senator Tom Dempsey, Senator Bob Dixon, Senator Mike Parson, Senator Wayne Wallingford, Senator Shalonn “Kiki” Curls, and Senator Joseph P. Keaveny, with Senator David Pearce selected as chair.

Over the course of several weeks, the Senate Interim Committee on Capital Improvement Assessment and Planning held public hearings, toured facilities, and developed recommendations. Hearings were held on the following dates:

- July 29, 2013 – Touring Lewis and Clark office building and Missouri State Penitentiary site – Jefferson City
- August 26, 2013 – Touring University of Missouri – St. Louis Benton Stadler building, and Missouri School for the Blind, St. Louis
- September 10, 2013 – Touring Fulton State Hospital, Fulton
- October 9, 2013 – Touring University of Missouri – Kansas City Pharmacy and Dental building, and Northwest Regional Youth Center, Kansas City

A. Summary of July 29, 2013 meeting – Jefferson City

The Committee heard testimony from the following people: Cathy Brown, Office of Administration, Facilities, Maintenance, Design, and Construction Division Director and Angie Giddings, Budget Analyst, Missouri State Senate. The Committee then toured the Lewis and Clark state office building and a portion of the Missouri State Penitentiary.

B. Summary of August 26, 2013 meeting – St. Louis

The Committee heard remarks from Thomas George - Chancellor of the University of Missouri – St. Louis, Patty Yocum - Superintendent of the Missouri School for the Blind, Cathy Brown – Office of Administration Facilities Management Design and Construction. The Committee toured the Benton/Stadler building on the University of Missouri – St. Louis campus and the Missouri School for the Blind.

C. Summary of the September 10, 2013 meeting – Fulton

The Committee heard remarks from Robert Reitz - Director of Psychiatric Facilities within the Department of Mental Health and Cathy Brown – Office of Administration Facilities Management Design and Construction. The Committee toured several buildings on the Fulton State Hospital Campus.

The need for improvements at Fulton State Hospital was quite evident. There have been many recent news stories highlighting the need to improve this important safety-net for Missouri citizens. The facility serves Missouri citizens from all across the State and is a vital tool for the judicial system. The first admission to the facility was in 1851 and currently can house 363 clients in a secure therapeutic setting. The Committee reminds the Legislature that initial funding has been appropriated for the improvements at Fulton State Hospital, but most of the funding is currently being withheld. The Legislature appropriated \$13 million for the Fiscal Years 2014 – 2015. These funds, of which \$11 million is currently withheld) are for initial planning and designing.

D. Summary of the October 9, 2013 meeting – Kansas City

The Committee heard remarks from Leo Morton – Chancellor of the University of Missouri – Kansas City, Tim Decker – Director of Family Services within the Department of Social Services and Cathy Brown – Office of Administration Facilities Management Design and Construction. The Committee toured a University of Missouri – Kansas City School of Medicine building built in 1981, with a main need of new laboratory space and equipment, and the Northwest Regional Youth Center – a residential facility for teenage boys in the juvenile justice system.

III. Recommendations

The Senate Interim Committee on Capital Improvement Assessment and Planning has the following recommendations:

- A. Prioritize fully funding the required amount each year in the Facilities Maintenance Reserve Fund (FMRF). FMRF revenue is generated by a constitutionally required annual transfer of state General Revenue into the fund at 1% of net General Revenue collections

[Article IV, Section 27(b)]. The FMRF is then used as the funding source for maintenance and repairs (unless facility is funded using a different funding source) for state owned space (office and institutional). The constitution does allow for the Governor to withhold or eliminate the transfer of General Revenue to FMRF during any fiscal year in which he exercised his right to reduce expenditures pursuant to article IV, section 27, or during the next succeeding fiscal year after he exercised such power. In recent history the transfer of funds into the FMRF has been withheld or eliminated, see below for history of transfer amounts.

FY 2009 – The actual amount of funds transferred from General Revenue to FMRF was \$19 million (transfer amount should have been closer to \$70 million).

FY 2010 – The actual amount of funds transferred from General Revenue to FMRF was \$11 million (transfer amount should have been closer to \$70 million).

FY 2011 – The actual transfer amount of funds transferred from General Revenue to FMRF was \$15 million (transfer amount should have been closer to \$71 million).

FY 2012 - \$56 million of the General Revenue transfer to FMRF was withheld until the end of the fiscal year.

FY 2013 – Over \$60 million of the General Revenue transfer to FMRF was withheld until the last two months of the fiscal year.

- B. Utilize the Higher Education Capital Fund, created by SB 563 (2011), 173.480 RSMo by contributing General Revenue for projects that state colleges and universities can match with their own funding (a fifty percent required match). No revenue has been deposited into the Higher Education Capital Fund since its inception (2011).
- C. The Legislature should fund the entire remaining amount necessary for full implementation of renovations and new construction needed for improvements at Fulton State Hospital, in the upcoming legislative session, utilizing state General Revenue if necessary.
- D. The Legislature should consider issuing General Obligation Bonds to fund needed repairs and construction throughout the state. The Committee recommends an issuance in the \$500 million to \$1 billion range. General Obligation Bonds begin with approval from the Legislature to authorize a statewide public vote. Bonds will not be issued unless the majority of voters approve. Proceeds from the sale of the bonds must be appropriated in the normal appropriations process and projects specified, before funds may be spent. Bonds are typically issued with a twenty-five year (25) note. Recently the Third State General Obligation Bonds were retired. Those bonds were issued with a twenty-five (25) year note beginning in 1982 and issued over several years, with a total issuance amount of \$600 million. Interest rates at initial issuance ranged from 7% to 11% and were refinanced when financially advantageous. With interest rates still at record lows, the cost of repairs in the future, and the advantage of recently retiring the Third State General Obligation Bonds, the climate is advantageous for borrowing funds.
- E. Review of long-range planning done by agencies by the Joint Committee on Capital Improvements and Senate Appropriations and House Budget committees.

- F. Increase tour opportunities for Legislators during their entire career, in particular the members of the Joint Committee on Capital Improvements, House Budget Committee, and Senate Appropriations Committee.

IV. Additional Information

Below is the most recent information regarding all currently known outstanding maintenance and repair needs for state owned office and institutional space occupied by state agencies (excluding the Department of Conservation and the Department of Transportation, and higher education facilities). Base costs does not include the administrative costs incurred by the Office of Administration.

	NUMBER OF REQUIREMENTS	BASE COSTS TO CORRECT ALL DEFICIENCIES
DEPARTMENT OF CORRECTIONS	5,702	\$175,978,670
OFFICE OF ADMINISTRATION - FACILITIES MANAGEMENT, DESIGN & CONSTRUCTION	1,184	\$162,136,969
DEPARTMENT OF MENTAL HEALTH - COMPREHENSIVE PSYCHIATRIC SERVICES	1,379	\$63,143,023
DEPARTMENT OF MENTAL HEALTH - DEVELOPMENTAL DISABILITIES	1,979	\$66,668,173
DEPARTMENT OF PUBLIC SAFETY - ADJUTANT GENERAL	1,305	\$30,609,432
DEPARTMENT OF ELEMENTARY & SECONDARY EDUCATION - SPECIAL EDUCATION	740	\$28,117,915
DEPARTMENT OF NATURAL RESOURCES - PARKS & HISTORIC PRESERVATION	6,228	\$25,289,307
DEPARTMENT OF SOCIAL SERVICES - YOUTH SERVICES	787	\$10,170,387
DEPARTMENT OF AGRICULTURE - STATE FAIRGROUNDS	1,187	\$11,819,145
DEPARTMENT OF PUBLIC SAFETY - HIGHWAY PATROL	330	\$2,446,591
DEPARTMENT OF PUBLIC SAFETY - VETERAN'S COMMISSION	88	\$3,784,594
DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS - EMPLOYMENT SECURITY	89	\$4,215,058
DEPARTMENT OF CORRECTIONS - PROBATION & PAROLE	113	\$3,408,492
DEPARTMENT OF ECONOMIC DEVELOPMENT - WORKFORCE DEVELOPMENT	114	\$2,756,171
DEPARTMENT OF NATURAL RESOURCES - GEOLOGY & LAND SURVEY	49	\$820,492
DEPARTMENT OF REVENUE - LOTTERY	21	\$296,053
DEPARTMENT OF ECONOMIC DEVELOPMENT - TOURISM	33	\$250,912
TOTAL	21,328	\$591,911,384

Note: the costs shown do not include design, bidding, and management fees. Assets such as real estate, roads, parking lots, fences, and other site improvements are not included. Certain buildings classified as historic, abandoned, and vacant are not included.